Prepared Remarks by Edward Jurith
Acting Director, Office of National Drug Control Policy
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Introduction

The famous American philosopher Grouch Marx once said: "before I speak, I have something important to say." In that spirit, before I turn to the substance of my remarks, I'd like to take a moment to say some important things myself. I am a native of Brooklyn, New York, as was Jennie Jerome, Winston Churchill's mother. In Brooklyn, not only does everybody know everybody, in many cases we are related. I will not draw any further connections. Brooklyn proudly claims Sir Winston as one of its own.

More seriously, it is an honor to address the participants in this conference on the global economy of illegal drugs. Being in London is sort of a coming home for me. As many of you know, I recently spent a year as an Atlantic Fellow at Manchester University. I'm thrilled to see that United has kept up its winning form, but dismayed to see Manchester City relegated from the Premier Division. The Atlantic Fellowship program is sponsored by the Foreign and Commonwealth Office. Many of you here tonight made this a very rewarding year by allowing me to work with you and learn first hand about the UK's substance-abuse policies. The importance of sharing ideas and experiences cannot be underestimated.

A Historical Perspective of Substance Abuse and National Drug-Control Efforts

As we examine the substance-abuse problem that affects all of our societies, we would do well to heed the caution of Dr. David F. Musto, a Yale University historian – the substance-abuse problem must be viewed within the context of historical perspective. America's experience with dangerous drugs dates back to the nineteenth century when over-the-counter products were heavily laced with morphine; Coca-Cola and other beverages contained cocaine; and Bayer Pharmaceutical Products introduced heroin as a cure-all medicine -- touted as "non-addictive" and sold without prescription. At the turn of the century, opium dens catered to

communities throughout the United States. Other nations were having similar problems with addictive substances.

Governments and health authorities around the world responded to this public-health problem by limiting their use to approved medical purposes. In the United States, the Food and Drug Act of 1906 required that all ingredients in products and medicines be revealed to consumers, many of whom had become addicted to substances falsely marketed as safe. In 1909, the Smoking Opium Exclusion Act banned the importation of smokable opium -- providing America's first national antidrug legislation. Five years later, the Harrison Narcotic Act implemented even broader drug control laws. In 1911, the first International Conference on Opium convened in The Hague to control narcotics trafficking. By the 1920s, doctors in America were prohibited from prescribing opiates for non-medical purposes..

The United States has had several drug epidemics over the past hundred years. Our first occurred between 1900 and World War I. We've learned that the duration of a wave of drug abuse is approximately twenty years. Significantly reducing drug use requires fundamental changes in the attitudes of millions of individuals. Such shifts are extremely gradual. Following our most recent period of elevated drug use – heroin in the 1970s and cocaine in the 1980s – drug use declined by approximately 2 percent per year to the current level of 6 percent of the adult population who are current users.

Another important lesson is that when a nation fails to pay attention and take precautions, drug abuse spreads. The introduction of cocaine in the late nineteenth century exemplifies how attitudes affect the incidence of drug abuse. Cocaine use skyrocketed, in part because the psychopharmacological effects of this drug were poorly understood. Only when the negative consequences of cocaine addiction were recognized and publicized did perceptions change. Drug abuse was condemned, and new laws were passed producing a healthier nation with a lower crime rate. The moral of the story is that we must pay attention to drug abuse. We must have policies that are research based.

Unfortunately when a new cocaine epidemic took root in the United States in the late 1970's and early 1980's, we failed to recall and appreciate our earlier experience with this drug. A general belief, supported not only by popular culture but some in medicine and public health, was that cocaine was a safe substance. Cocaine, *Time* magazine reported in 1981 "is the drug of choice for perhaps millions of solid, conventional, upwardly mobile citizens". However, America was soon reminded of the dangers of cocaine use, as individuals became addicted and died from overdose. The crack epidemic decimated America's inner cities. A ruthless narcotics Mafia came to dominate the geo-political landscape of the Andes. Much of this could have been avoided if we had heeded the lessons of the past.

The U.S. National Drug Control Strategy — a Balanced Domestic Approach to Reducing Drug Abuse and its Consequences

The U.S. *National Drug Control Strategy* takes a long-term, holistic view of the drug problem and recognizes the devastating effect drug abuse has on the country's public health and safety. The *Strategy* maintains that no single solution can solve this multifaceted challenge. The *Strategy* focuses on prevention, treatment, research, law enforcement, shielding our borders, drug-supply reduction, and international cooperation. Through a balanced array of demand-reduction and supply-reduction actions, we are striving to reduce drug use and availability by half and the consequences of drug abuse by at least 25 percent by 2007.

Preventing drug use in the first place is preferable to addressing the problem later through treatment and law enforcement. Accordingly, our *Strategy* focuses on young people, seeking to teach them about the many negative consequences associated with illegal drugs, including alcohol and tobacco. Our National Youth Anti-Drug Media Campaign harnesses the power of the mass media to bring researched-based messages to youth, parents, and other adult influencers on television, radio, print, and the internet.

The United States has approximately five million chronic drug abusers who need immediate treatment. Chronic users consume approximately two thirds of the cocaine and heroin trafficked in the United States. Without help, many of these individuals will suffer from poor

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health, unstable employment and family relations. Expanding treatment for the addicted is a major plank of our *Strategy*.

Breaking the cycle of drugs and crime is another strategic objective. The correlation between drugs and crime is high. 6.3 million people were on probation, in jail or prison, or on parole at yearend 1999. Thirty-three percent of state and 22 percent of federal prisoners said they committed their current offense while under the influence of drugs, and about one in six of inmates said they committed their offense to get money for drugs.

Criminal justice policy-makers realize how important it is to provide treatment for drug-offenders while they are under the jurisdiction of the criminal justice system and after their release into the community. The growing drug court movement reflects this realization. Drug courts divert non-violent drug offenders out of jails or prisons and refer them to community treatment. Defendants who complete the program either have their charges dismissed or probation sentences reduced. Some six hundred-drug courts are operating nationwide, while close to 500 are in planning stages, up from a dozen in 1994. Over time, expanded alternatives to incarceration promise to decrease the addicted population and reduce both crime and the incarceration rates in America.

U.S. International Drug Control Efforts

Supply reduction is an essential component of our national drug policies. When drugs are readily available, the likelihood increases that they will be abused. As the British Home Office noted in a commissioned report on "New Heroin Outbreaks Amongst Young People in England and Wales" by Howard Parker and colleagues at Manchester University:

"The most pernicious feature of this outbreak is that it is supply-led. The UK has seen a major illegal importation of heroin from SW Asia brought primarily via the Balkan route on across the EU into this country. A fall in price, strong availability, with purity remaining high, all indicate a sustained supply... This suggests a far more sophisticated approach is required whereby a multi-agency strategy is called for at the local level and a coordinated national and "cross border" policing approach is needed to disrupt the heroin distribution systems which network the country."

That report is on target. Supply reduction has both international and domestic components. Much of the marijuana and methamphetamine consumed in the United States, for example, is domestic in origin. Internationally, supply reduction includes working with partner nations within the source zones to reduce the cultivation and production of illicit drugs through drug-crop substitution and eradication; alternative development and strengthening public institutions; coordinated investigations; interdiction; control of precursors; anti-money-laundering initiatives; and building consensus thorough bilateral, regional, and global accords.

Cocaine

Cocaine use has declined in the United States at the same time it is increasing in South America and Europe. The number of casual users in the U.S. has declined by 70 percent since 1985, however we still spend some 37 billion dollars on the drug each year. The drug remains our first priority for supply reduction because of the devastation it wreaks on individuals, families, and communities.

Our coca reduction efforts are focused on the Andean region. Since 1995, we've seen a 68 percent decline in cocaine production in Peru and an 82 percent decline in Bolivia. These successes have been tempered by the expansion of coca cultivation in Colombia. Yet, despite the doubling of the coca crop in Colombia between 1995-2000, successes in the rest of the Andes have helped reduce total coca cultivation by 15 percent.

In designing a \$ 1 billion assistance package to support the Government of President Pastrana, the United States sought to build on the key lesson of the successes in Peru and Bolivia – the vital importance of government control of and access to its own territory. No nation can ask aid workers, road builders, or crop experts to travel to areas where they face substantial risk of death, kidnapping or injury. The central government must be able to provide security if alternative development programs, as well as basic health, social service and education programs are to function. We also understand that trafficking organizations will attempt to relocate their activities to areas where governmental control is weakest.

Both Peru and Bolivia benefited from large-scale alternative development projects. Once these development efforts take root they can provide a viable, legal option for coca farmers to support themselves and their families. Both in Peru (where coca prices have varied) and in Bolivia (were prices remained high) coca farmers agreed to give up their coca in return for development assistance. Coca growers, when faced simultaneously with the threat of forced eradication and the offer of aid, chose the aid in their own self-interest. The potential loss of their income through eradication is a strong motivator. We have learned that for assistance programs to work the offer of assistance must be real and the delivery must be sustained over time.

At the same time, alternative development alone will not lead to a reduction of coca production – that occurs only when development is linked to eradication and enforcement. Finally, none of these initiatives can work without adequate security – government forces must have access to the growing areas for counter-drug programs to work. We believe that with adequate security, the type of counter-drug programs that proved so effective in Peru and Bolivia will also work in Colombia.

Because of the need for access to the coca growing areas and security, a substantial portion of U.S. assistance this year to Colombia is in the form of mobility assistance. This support will enable the military and police to provide security in war-torn regions and allow social services and alternative development programs to be established. In Colombia, our assistance links alternative development to the spraying program. The only cases where fumigation has begun without alternative development are where large tracks of "industrial coca" have been established directly by the drug traffickers. Small family farms will not be eradicated without the provision of assistance.

President Bush is asking the U.S. Congress to appropriate more than \$800 million dollars next fiscal year in support of the Andean Regional Initiative. This initiative will support developmental and drug control activities in Colombia, Bolivia, Peru, Ecuador, Brazil,

Venezuela, and Panama. We are expanding our assistance to Colombia's neighbors to prevent the "spillover" of coca production or processing. The U.S. Government is confident that the Government of Colombia can achieve a 30 percent reduction in coca production in the next two years and that the Government of Bolivia can totally eliminate illicit coca production by next year.

Heroin

The U.S. heroin problem, like Europe's, is supplied entirely by foreign sources of opium. Efforts to reduce domestic heroin availability face significant problems. Unlike cocaine, where the supply is concentrated in the Andean region of South America, heroin is produced in four distinct parts of the world: South America (essentially Colombia), Mexico, Southeast Asia, and Southwest Asia. Latin America is now the primary supplier of heroin to the United States. Colombian and Mexican heroin comprises 65 and 17 percent respectively of the heroin seized in the United States. Heroin production in both these countries is intended mainly for the U.S. market.

Historically, most of the world's illicit opium for heroin has been grown in the Golden Triangle of Southeast Asia. Burma alone has accounted for more than half of all global production of opium and heroin for most of the last decade. The profitability of growing opium poppy as a cash crop and the lack of resources or commitment by regional governments to implement crop substitution, alternative development, or eradication are key factors that predict continued high levels of opium production within Southeast Asia. The explosive growth of opium production and development of an imposing opiate-processing infrastructure in Afghanistan during the 1990s made Southwest Asia the world's leading source of heroin, flooding Europe with cheap heroin. While Southwest Asian heroin has not been significant in the American market, we remain concerned over the drug trade's strategic importance on national security issues. Last year Afghanistan was the world's largest opium producer, accounting for almost 75 percent of the world's crop. We are closely watching the situation in Afghanistan, where Taliban edicts have eliminated much of the current poppy crop. As many of you know, a U.S. Government official recently participated – for the first time in many years –

on an UN/ODDCP mission to Afghanistan. Nonetheless, we expect heroin production to be a continuing challenge that must be addressed by the international community.

Synthetic Drugs

Two synthetic drugs that our Strategy focuses on are methamphetamine and ecstasy (MDMA). Methamphetamine consumed in the United States is typically produced either in the U.S. or in Mexico. Our Meth-control efforts focus on limiting the availability of precursor chemicals and targeting trafficking organizations. Both use and availability of the drug MDMA are rapidly increasing. The Netherlands and Belgium produce approximately 80 percent of the worldwide supply of the drug. Reports now indicate production is spreading throughout Europe and Eastern Europe. Israeli and Russian drug trafficking organizations currently dominate ecstasy distribution. The United States, the UK, and Canada are major consumer nations. Widespread availability, affordability, and the misperception that the drug is harmless is fueling demand worldwide.

Control of Precursor Chemicals

With the exception of cannabis, every illicit drug requires chemicals in order to be refined to its final form (e.g. the coca plant to cocaine, the poppy plant to heroin), or is purely the result of chemical synthesis (e.g. methamphetamine, MDMA, etc.). Chemical control offers a means of attacking illicit drug production and disrupting the process before the drugs have entered the market. The Multilateral Chemical Reporting Initiative, formulated by the U.S. and accepted internationally, encourages governments to exchange information on a voluntary basis in order to monitor international chemical shipments. Over the past decade, key international bodies like the Commission on Narcotic Drugs and the 1998 U.N. General Assembly's Special Session (UNGASS) have addressed the issue of chemical diversion in conjunction with U.S. efforts.

International Money Laundering and Asset Forfeiture Efforts

I believe that everyone here would agree that money is the motivating factor that brings the criminal element into the supply side of the illegal narcotics equation. The United States believes that a strong narcotics control strategy must include an attack on the criminal proceeds that fuel this illicit industry. To this end, the United States, in partnership with the many other nations represented here tonight, supports global efforts to disrupt the flow of illicit capital, track criminal sources of funds, forfeit ill-gained assets, and prosecute offenders. The Financial Action Task Force (FATF), formed by the G-7 Economic Summit in 1989, is dedicated to promoting anti-money laundering controls around the world. As a result, all members of the FATF have now criminalized money laundering and are working toward implementing a full range of international anti-money-laundering standards known as the 40 Recommendations.

In 1999, the Foreign Narcotic Kingpin Designation Act became law, establishing a global program targeting the activities of foreign narcotics traffickers. Pursuant to this law, the United States Government, through the Treasury Department's Office of Foreign Assets Control (OFAC), is attacking the financial networks of international drug trafficking organizations by denying significant foreign narcotics traffickers, their related businesses, and their operatives access to the U.S. financial system and all trade and transactions involving U.S. companies and individuals. On June 1st, President Bush identified twelve individuals as appropriate for sanctions pursuant to the Kingpin Act. That action brings the total of foreign drug kingpins named under the Act to 24 foreign individuals located in 6 regions of the world. The Kingpin Act is modeled after Treasury's narcotics sanctions program, established in October 1995, that OFAC administers against the Colombian drug cartels under authority of the International Emergency Economic Powers Act (IEEPA). Ten Colombian drug lords, 23 companies, and 337 other individuals have been identified under that ongoing program.

Conclusion.

Illegal drugs impose a staggering cost of more than \$140 billion every year on American society, principally from lost productivity. Yet this dollar figure does not capture the human tragedy of drug use – lost lives, educational and job opportunities unmet, families torn apart, health care costs, school dropout rates, and more. Our efforts are buttressed by the firm belief that by focusing more of our nation's attention, energy and resources, real progress will be made. From the early 1980s until the early 1990s, drug use amongst high school seniors was reduced every year. We made tremendous strides in cutting drug use. This success motivates us today. Fortunately, we know more about what works in prevention and education, treatment and law enforcement. The United States National Institute on Drug Abuse (NIDA) conducs 85 percent of the world's drug abuse research. We know more about how drugs work in the brain than any other brain function. We will put this knowledge to use. It is no longer acceptable to base drug control policy on anecdote and press sensationalism. It must be based on fact, science, research and evaluation. But above all, our efforts rest on an unwavering commitment to reduce drug use and its consequences and we welcome all allies in this increasingly global problem.